

## Chapter 3:

### Lessons from Local Program Managers

As part of the final report on the Neighborhood Stabilization Program (NSP) in Washington State, the Department of Commerce convened a technical advisory committee to discuss the lessons learned from the NSP program. Four conference calls were held during June of 2012 with the intent to learn about local application, challenges, and successes of the NSP program.

Local NSP administrators discussed the local impact of the housing crisis, their response and lessons learned. They also stated that the NSP program was a great opportunity to apply new funding to the housing crisis and learn some lessons along the way.

This chapter shows the key lessons learned from the Washington State NSP Program that may be helpful to cities and counties developing local housing plans. Discussion of each lesson describes key issues addressed and, where applicable, examples of a local approach to resolve the issue.

#### Key Lessons:

##### **Recognize Problems in Housing Market**

- Carefully Select Housing Indicators
- Elected officials need to know

##### **Target Specific Neighborhoods**

- Use data to focus on target areas and inform strategy

##### **Implement a Broad-Based Recovery Program**

- Be clear about the goals, consider full suite of tools
- Involve local partners, let resources shape policy response
- Use planning committees and processes already in place
- Counseling, mediation, landlord-tenant training helps stability
- Use capital investment programs to revitalize distressed areas

##### **Realize That Regulations Make a Difference**

- Use code enforcement to address worst problems

##### **Try Different Approaches**

- Connect housing planners for HUD and GMA planning
- Use existing housing programs, but allow for flexibility

## (A): Recognize Problems in the Housing Market

### Lesson 1: Carefully Select Housing Indicators

Paying attention to indicators besides housing prices is important because such indicators influence how local housing managers, city or county staff, or elected officials become aware of housing concerns and respond to them. Common indicators of housing market health are the number of housing starts, the price of housing, rent, or the vacancy rate. However, data regarding changes in housing prices may lag one year or more behind the actual change in prices, depending on the source.

For instance, at the end of 2007 the median price of housing was at an all-time high. Twelve months later the median housing price dropped 8 percent. However, this information was not available from typical sources, such as the U.S. Census Bureau, until April 2009 -- roughly 15 months later. Another concern is that information such as census data typically gets summarized at the county or census tract level. This does not provide much information about local housing markets, or provide clues about how to address local problems in the housing market.

Other sources of housing data may provide more immediate information on what is going on in the housing market. Good sources of housing data are those that are already tracked, relatively easy to access, and provide information about local housing markets.

For example, data on requests for assistance with housing concerns provides local officials with a tool to know where problems are concentrated, and how they might be addressed. During the housing crisis, people were coming to city council meetings asking for help to address their housing needs.

Here is a list of potential indicators that local housing planners should be able to access:

- **Requests for Housing Counseling:** In 2006, housing counselors in Vancouver and Aberdeen noticed increased requests for assistance to help homeowners stay in their homes. These local housing counseling programs also began to see clients from outside the area, indicating a need where services did not exist in the surrounding areas. Connecting with agencies that provide housing counseling and tracking requests can help local staff understand potential areas where homeowner transition, foreclosure, or a shift in buyers may be occurring.
- **Requests for Housing Rehabilitation Assistance:** Also in Vancouver and Aberdeen, staff noticed increased requests for help rehabilitating recently purchased homes to make them livable. Homebuyers, who had refinanced their home loans to take out some of the growing equity, found themselves in need of assistance to make essential repairs such as a new roof or

furnace. Tracking requests for rehabilitation assistance can help to identify areas where housing quality may become a problem or where increased investment is occurring, and local governments may want to investigate community needs in areas where assistance requests are clustered.

- **Code Enforcement Requests:** During the height of the foreclosure crisis, derelict lots, unkempt lawns, and home occupation by squatters led to requests for code enforcement to improve safety near foreclosed homes. The City of Pasco found it was writing code enforcement violations to banks – an indication of who owned many foreclosed homes and that these homes were a problem. By logging requests and violation notices, they were used as indicators where additional attention from police, code enforcement and where public investment in the neighborhood would be helpful.
- **Housing Incentive Program Participation:** Some communities experienced significant participation in programs to incentivize housing development, and substantial revenue from permitting fees, during the housing boom. When participation appreciably dropped, this indicated a change in the housing market. At the same time, developers were approaching cities and the state legislature to address development regulations and state laws to provide for longer time horizons for pending development and for impact fees. Tracking incentivized housing units, number of permits issues, or impact fee revenues are a way that many local governments track housing markets. These indicators may point out changes in demand, problems in financing, or problems in land supply.
- **Property Tax Exemption Program Participation:** Chapter 84.14 RCW authorizes cities to exempt the improvement value of new multifamily housing (or the rehabilitation of qualifying existing housing) from the ad valorem property tax for a period of eight or 12 years. In Tacoma, after a significant increase in tax exemption requests between 2003 and 2006, requests under this program stopped. This indicator may be telling communities the relative level of demand or perceived demand for multifamily housing, and the willingness of investors to build. It could indicate that other tools may be needed to encourage multifamily development if analysis shows that these types of units are needed.
- **Document Recording Fees:** Chapter 43.185C RCW increased document recording fees, with the funds to be used for homeless housing programs. Local program administrators noticed a reduction in the amount of fees coming into the local program, indicating a decrease in home sales activity.
- Local governments can and should be monitoring local housing market indicators to monitor affordability, jobs- housing balance, future capital facility needs and implementation of other comprehensive plan goals. Housing indicators should be selected to be easy to obtain, and provide relatively current information about what is going on in the housing market. These indicators should be easy to display in a way that city staff, elected officials and the public can also see. In this way, staff and elected officials can consider tools that local government can employ to guide the housing market, and citizens can make wiser housing decisions.

## **Lesson 2: Ensure Elected Officials Know What is Going On**

Tracking carefully selected housing indicators is an important way for a local government to know what is going on in their own housing markets. However, that data alone will not guarantee a healthy housing market. Tracking the data, and understanding what it may be saying, is only half of the work. The other work is to provide that information to elected officials and citizens in a way that is timely and easy to understand. This will help individuals make personal housing decisions, and will help staff and elected officials determine if a local government might need to take action to address market imbalances.

In many cities, managers who oversee permit counters, code enforcement and housing assistance programs may not be the same individuals, or in the same department. Having a system for all these managers to periodically review indicators, and bring them to elected officials attention at times of significant changes can help provide early alerts that there are problems in housing markets. Elected officials may also hear from individuals at council meetings, if there are people that are in sufficient need to ask from help at such a public forum.

When market indicators continued to change during the housing crisis, staff and citizens came together to request action to respond to the housing crisis. For example, in Tacoma, citizens requested that the City Council help citizens that were facing foreclosure. Tacoma City Council asked staff to develop some assistance, and the City held foreclosure assistance workshops that helped home owners obtain financial counseling to address foreclosures or pending foreclosures. In Vancouver, city staff were pre-emptive and brought concerns to City Council with a request for authorization to target resources at the housing crisis.

Local government officials need to see up to date data related to the housing market so they can authorize staff to take action, to authorize more assistance, to adjust regulations, or to elevate the issue to regional or state officials for additional assistance. The data may take the form of performance measures that are regularly reported to the community in an annual report card, included as a regular update to the housing element of the comprehensive plan, or as part of updates to the Consolidated Plan.

## **(B): Target Specific Neighborhoods**

### **Lesson 3: Use Data to Focus on Target Areas and Inform Strategy**

As the housing crisis took hold, data on the location of foreclosures, sub-prime loans and affordability was used to identify where the greatest concentrations of foreclosure were occurring, or were likely to occur. Using data provided by Local Initiative Support Corporation, sometimes supplemented by other sources, such as RealtyTrac, communities carefully identified local areas hardest hit by the housing crisis.

The NSP was established for the purpose of stabilizing communities through the purchase and redevelopment of foreclosed and abandoned homes and residential properties. The intent was for local governments to facilitate the purchase of vacant and

foreclosed homes to take them off the market and help stabilize home prices. There were several activities that local governments could choose under the NSP, including helping citizens with financing, directly purchasing and rehabilitating houses, redeveloping foreclosed properties, demolishing blighted structures, or simply banking land.

Understanding the housing needs of the community was important to informing the types of purchases that local governments could make so that purchased homes and land could be redirected to meet local needs. Some communities were able to use their HUD Consolidated Plans as a basis for NSP activities because program managers were familiar with local social and housing needs – and had aligned areas of high foreclosures with areas targeted for HUD assistance. Requirements for frequent updating and annual reporting on HUD plans helped local coordinators to be in tune with housing issues.

Generally an RFP process was useful to help identify projects, target neighborhoods, and manage the NSP sub-recipient process. The RFP process was also useful to determine non-profit capacity to complete the project and to manage the final product. NSP funding leveraged additional participation.

However, even with a HUD plan in place to help, there were a number of issues that made the process much more complex:

- Lack of eligible buyers and accessible financing for assisting citizen purchase of foreclosed homes.
- In some markets, lower cost homes were changing hands freely, and the more expensive homes were most problematic. These homes were not always the appropriate size, location or type to meet local needs, and given the relatively small amount of NSP funding, were not a good investment.
- Identifying blighted structures and meeting definitions for blight slowed the process.
- Due to the complexity of NSP regulations, the NSP program was left with homes in the poorest condition – which required a lot of work to put back into good condition.
- Locational aspects of foreclosed homes offered choices about tightly grouped or dispersed purchase choices.

NSP-Required Buyer Qualifications limited potential purchasers. As is the case in other states, not all residents of Washington State are American citizens. Some of these residents who had not attained citizenship status but had the means and desire to purchase/rent an NSP home were not able to due to the requirement that everyone living in an NSP home be an American citizen.

Having knowledge of the location of the highest concentrations of housing concerns is important to know where to target efforts. By concentrating efforts in a defined area, the impact can be greater. NSP managers focused on one neighborhood, which made the process more efficient and concentrated investment and improved the neighborhood. Local officials were able to use zip code, foreclosure and affordability data to identify the scope of the problem and the types of approaches that could work to address a locally defined problem. Understanding strategies and resources that are available to address the problem is important to guide any response.

## **(C): Implement a Broad-Based Recovery Program**

### **Lesson 4: Be Clear About the Goals, Consider Full Suite of Tools**

In general, NSP was considered very timely and a great way to address the foreclosure crisis and put foreclosed homes back into productive use. However, there was a general feeling that without the NSP funds, local governments would not have been able to address much of the housing crisis.

The NSP response needed to directly respond to the purpose of the NSP program, focus on target areas, and address local needs. For these and other reasons, Commerce chose to contract with local governments as the way to distribute NSP funds. The goal of taking foreclosed and abandoned property and putting it back into productive use, along with the goals of raising the tax base needed to be carefully balanced. It has been noted that housing programs tend to follow the money, rather than designing programs to address local goals.

The NSP program came at an opportune time to address the crisis, and help save/stabilize non-profit housing organizations. There was broad concurrence by participants that Commerce made a good choice by contracting with local governments instead of non-profits, because cities and counties:

- Have a broad perspective on the problem – and could target the funds more effectively.
- Have effective existing public outreach processes.
- Can run clean processes – and can also tailor approach to local need.
- Have code enforcement and other tools to add more authority to the process.
- Often have very strong relationships with non-profits that have clear affordable housing policies, procedures and qualified staff in place and are ready to meet the challenges.

The NSP program was best addressed through city and county programs because cities and counties have broad resources to pull together data to understand the areas with the greatest housing market concerns, and have a defined set of policy responses that can be applied. Local planners should use data, analysis, and their familiarity with local housing resources to define clear goals, develop appropriate policies and housing programs that address local needs and can be implemented within local resources.

### **Lesson 5: Involve Local Partners and Consider Local Resources**

Local governments may have few staff or resources to take on new problems or address new issues.

One strategy to address this is to work with housing market partners such as mortgage lenders and the building industry to identify the issues and explore some of the options for addressing the problem. These industry sectors are likely experiencing their own unique perspective on a developing problem and can provide new perspective.

In some cases, close working relationships with banks helped inform program decisions and purchase properties. For example, the Cities of Aberdeen, Hoquiam and Vancouver worked with banks regarding their down payment assistance program and identified which income segments could afford to purchase properties at different price levels. This relationship also allowed Vancouver to gain access to properties through the Chase REO program.

**Affordability requirement hindered property sales in a slow market** Aberdeen/Hoquiam found that there was little market for rehabbed homes with a long-term affordability requirement when other properties were also low cost, with no affordability requirement. Also, getting banks to accept the conveyance of continuity of affordability was difficult. Neighborworks found they had to do some creative financing with mortgages and down-payment assistance to develop housing products that would compete in their market.

**Local capacity limited what the NSP program and other housing programs could do.** In Pasco, the rental market was incredibly tight, and this would have been an important sector for the NSP program. However, Pasco's RFP process was unable to identify housing providers with the capacity to address this need in such a short time. The local community action committee was focused on homelessness, which came with a steady source of funding, and could not easily transition to other types of housing. Housing planners in smaller localities found that there is a need for capacity building for more varied types of housing, and the ability to administer federal and housing dollars with complex state and federal rules did not exist.

As the market changes, housing partners, such as bankers, builders, and realtors with experience in the market can help local governments understand what is going on in the market and the types of tools that can be employed to address the problem.

#### **Lesson 6: Use Planning Committees and Processes Already in Place**

Knowing where the most foreclosures were occurring was the first step. Developing a strategy to address these problems at the local level, and how to best apply NSP funds, was the next step. The NSP program injected a source of funds into a problem that had few resources at the time, and local housing managers had to quickly develop strategies to use NSP funds. Many communities already have advisory boards, commissions, or other organized forums for developing and applying housing policy and funding through local programs, such as applying for state and federal funding of HUD consolidated plan processes. Using these existing bodies, along with their respective public hearing processes, ensures that a community has an engaged, knowledgeable, and well-connected group to make local housing decisions or recommendations to local elected officials. It also assures an efficient process that can quickly respond to market changes without taking extra time to develop the terms of reference for a new committee.

NSP managers were able to use HUD and GMA planning processes to identify a range of options responding to the housing crisis – and quickly gain agreement on a strategy. In some cases, local experience or capacity limited the range of potential strategies. For example, the cities of Lakewood and Vancouver used a citizen advisory board to make recommendations to the planning board and city council regarding the HUD plan and consolidated plan. Snohomish County used a technical advisory committee made up of citizens and city representatives for general housing policy, but also created a special committee for the NSP program.

Many communities, such as Tri-Cities, Spokane, and Lakewood, used an RFP process to guide their response, based on the capacity of local partners to take on this extra work. In the Tri-Cities area, with a great need for rental housing, there simply was not the capacity to address this need, based on the response to their RFP. Some communities even chose to decline federal funding from the NSP program, because they felt they did not have the local capacity to manage the federal funds.

However, 25 communities developed strategies to use NSP funds to respond to the housing crisis.

- **In some cases, the best application was for rental homes:** In some communities, there were not enough rental properties available to serve that need, and vacant homes were best purchased as long-term rental properties. Snohomish County used zip code data to identify target areas with high concentrations of foreclosed homes and funded 43 units with income limits for 40 years. In other communities, foreclosed multi-family structures provided an affordable way to restart multifamily housing, focused on low-income segments.
- **In many communities, Habitat for Humanity provided a ready model for income-limited home-ownership:** In Lakewood, experienced staff felt that new rental units would be cumbersome for the city to administer over the years, and required careful management of reserve funds to keep the properties going. The City of Lakewood partnered with Habitat for Humanity as a ready vehicle to meet the local need to get younger families into ownership homes. Clark and King Counties also partnered with Habitat as a way to stretch funds by rehabilitating existing homes instead of building new, and offering a ready vehicle for managing the sale of income-limited homes.
- **Assistance with financing was a tough sell:** In some markets, a focus on home ownership assistance found few takers. The City of Vancouver met with bankers regarding available properties and found that the most difficult piece was finding potential buyers meeting 80 percent of median income, who could also qualify for a loan. Aberdeen found the same issue; there was a limited pool of potential purchasers at sufficient income levels and available credit to purchase a NSP house. These communities' adjusted strategies, working more on purchase and rehabilitation, and increasing eligible income limits to 120 percent of median income as a way to find qualified buyers for foreclosed homes.
- **In tighter markets home-ownership assistance worked:** In some markets, such as Tacoma and the Tri-Cities, a home-ownership approach was successful due to a much tighter market for rental housing, which made ownership an attractive

option. Tacoma used RealtyTrac to identify low-income areas with high foreclosure rates, and focused on using loans to help new owners into vacant foreclosed homes. The Tri-Cities area focused on homeownership sector because this is majority of local market.

Using data, local partners and existing processes provides an efficient way to make informed decisions on strategies to address problems in the housing market. By understanding the data on where the problem is most prevalent, and the limits of the interventions available, planners can guide local decisions.

### **Lesson 7: Counseling, mediation, landlord-tenant training helps stability**

Foreclosed and abandoned houses tell the story of people losing their investments in a home. The tragedy not only affects the individual, but the community as a whole, as the neglected homes bring down property values throughout the neighborhood.

During the housing crisis, local housing managers recommended that the best way to maintain property values and neighborhood stability to pay attention to keeping homes occupied. Getting people into homes they can afford in the first place helps prevent foreclosures. Providing financial options to people facing or at risk of foreclosure makes payments manageable. Ensuring that landlords are responsible helps keep rental properties attractive and occupied. Getting and keeping people in their homes helps to maintain property values.

**First time homebuyer education programs:** The best route to avoid foreclosure is to ensure that new homebuyers are well prepared for responsible home ownership. First time homebuyer education programs can help households make decisions regarding an appropriately-sized and priced home, and what associated costs, such as transportation, utilities and home maintenance, will cost. Buyers and lenders should pay attention to common rules of thumb about affordability and ensure that the buyer is buying what he or she can truly afford.

**Housing Counseling:** Once homes were in foreclosure, many levels of government took steps to address the problem. In Tacoma, City Council members and the city manager encouraged staff to work on foreclosure. Tacoma sponsored many foreclosure intervention events, bringing together sets of borrowers, lenders, and a HUD certified mortgage counselor assisting more than 500 distressed homeowners who were in danger of foreclosure. In Vancouver, staff took the initiative, and asked city council for more funding for housing counseling programs. In other communities, local non-profits provided services and workshops to overwhelming numbers of homeowners worried about the affordability of their homes. Statewide, the Washington State Housing Finance Commission (HFC) expanded the foreclosure counseling program with new funding from fees on foreclosure filings.<sup>1</sup>

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<sup>1</sup> [www.dfi.wa.gov/consumers/homeownership/foreclosure-mediation.htm](http://www.dfi.wa.gov/consumers/homeownership/foreclosure-mediation.htm)

**Other ways to maintain stability:**

- Landlord or tenant “rights and responsibilities” training, and outreach to tenants of their right to stay in their homes, or owners to stay in their own homes as renters after foreclosure.
- Encouraging short sales in place of foreclosures as a way to have residents in homes, instead of empty foreclosed homes.
- Finding ways to more quickly rent out bank-owned properties.

**Lesson 8: Use Capital Investment Programs to Revitalize Distressed Areas**

HUD’s Consolidated Planning guidelines require that communities receiving HUD funds identify areas where increased capital investment by a local government would help to support neighborhoods. Investments such as tree planting or street and sidewalk improvements advance safety, livability, and the intrinsic value of the neighborhood. Frequent HUD-required plan updates, citizen participation, and annual reporting help cities understand local infrastructure needs in focus areas.

NSP funds were not intended to be spent on capital facilities. However, funding that could be applied to housing infrastructure such as low income and veteran housing, helped get vacant homes ready for occupancy and provided needed rehabilitation to purchased homes, providing investment that would support a rise in housing prices.

- In Lakewood, the major focus has been in the Tillicum area for many years. Lakewood used federal and state funds to invest in sidewalks around schools, street lighting, and road and sewer improvements as a way to encourage citizen investments in private homes.
- Spokane dedicates its CDBG funds to thirteen low-income neighborhoods, such as Hillyard in East Spokane, and gave neighborhood leadership some ability to allocate the funding within the neighborhood. These focus areas remained the same even through the foreclosure crisis. There is also a desire for the city to embark on neighborhood planning to more fully articulate the vision for neighborhoods.
- Vancouver uses neighborhood planning to select investment strategies, and has 65 designated neighborhood associations. Each association has some level of funding, with which each board selects and develops projects. CDBG funds are used in low-income neighborhoods, and other funds in other areas. The neighborhood associations decide on the capital improvement priorities, which may include sidewalks, ADA ramps, playground and parks improvements.
- Tacoma has several long-standing programs such as providing local improvement district (LID) assistance to low-income homeowners to help offset the cost of infrastructure improvements in neighborhoods. Key downtown LID improvements encourage business and housing, and fund street trees. Small annual neighborhood innovation grants provide for neighborhood improvements, and housing loans improve the appearance of neighborhoods and reduce blight.
- In the Tri-Cities, target areas were identified through the consolidated plan. This plan also identified specific neighborhood planning and improvements needed – based on goals in the consolidated plan.

### **Communities planning under GMA can choose public investments to support neighborhood stability.**

For jurisdictions which do not receive HUD funds, the housing and capital facility elements of local comprehensive plans should identify where public investments are needed. Strategies for capital investment may include:

- Addressing crime, youth engagement, and senior services as a way to revitalize neighborhoods and encourage residents to stay and invest in their communities. Examples include actively collaborating with police sub-stations, senior or other services to bring services to areas in need.
- Making investments in public facilities such as parks and community gardens or using school improvement strategies to encourage new homeowners.
- Prioritizing public investment in certain areas or partnership with for-profit or non-profit developments to develop larger projects as anchors.

### **Volunteer investment in target areas:**

Identifying areas where investment in infrastructure is needed can help leverage volunteer and service organization efforts to purchase parks, or develop existing publicly-owned properties in need of public investment. In Aberdeen-Hoquiam, a volunteer-based program called “Paint the Corridor” will have painted 66 owner-occupied houses on the two main highway corridors through both cities in three years. Both cities planted numerous trees and created friendly parks. Hoquiam developed “Hometown Hoquiam” as their roadmap for the city development and have received many awards for their efforts. NeighborWorks and Habitat are part of that effort.

## **(D): Realize that Regulations Make a Difference**

### **Lesson 9: Use code enforcement to address worst problems**

Empty and foreclosed homes do not have anyone in the home to maintain the landscaping, defend the home, or provide passive surveillance in the neighborhood. Instead, these empty homes have un-mowed lawns, may look like no one cares, and invite squatters to move in or vandalize the home. This obvious disinvestment not only affects the property itself but, unless neighbors take action to make the home look occupied, decreases property values and safety throughout the neighborhood.

Municipal Research and Service Center states that “except for situations of imminent or immediate danger, the enforcement of nuisance provisions is dependent on the level of service a community can provide with available resources. Often cities and counties enforce zoning ordinances, animal control, and nuisance ordinances on a complaint-only basis. Some cities use neighborhood mediation centers and voluntary agreements”.<sup>2</sup> The housing crisis created a situation where people were

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<sup>2</sup> Municipal Research and Services Center of Washington (MRSC) [www.mrsc.org/subjects/legal/nuisances/nu-enforce.aspx](http://www.mrsc.org/subjects/legal/nuisances/nu-enforce.aspx)

occupying the properties, creating unsafe situations. Code enforcement became a key tool in abating unsafe, unsightly, or unsanitary conditions. (see RCW 35.80)

- Lakewood had already identified a need in the Tillicum area to reduce the impact of abandoned homes. In this area, conditions had decreased dramatically in 2008, and the building inspector, code enforcement officers and police were working as a team to improve safety. They identified properties that needed to be demolished or substantially revitalized. Lakewood placed an abatement lien on properties where the city had to clean up properties. The liens were very useful to acquire problematic properties through the NSP program once they were in foreclosure. Pasco has an active code enforcement program in low- and moderate-income neighborhoods identified in the HUD 5-year consolidated plan, and an inspection program for rental properties. In the plan, there was a desire to keep properties from deteriorating, so the city focused efforts on rehabilitation assistance, investment in capital facilities, and code enforcement.
- In Vancouver and many cities, code enforcement requests came from neighborhood associations after unkempt lawns and “camping” in foreclosed homes became a problem. In Spokane, Code Enforcement staff trains neighborhood representatives to recognize code infractions and how to submit complaint reports. If the neighborhoods see a problem they are encouraged to make the complaint.
- The City of Pasco has a rental inspection program as part of the code enforcement program. All rental units are inspected on a 2-year rolling schedule through a licensing program. An enforcement violation is a quasi-judicial action. First there is a correction notice to the property owner, then a violation notice, and then fines start to occur. Dangerous buildings are a high priority, as Pasco has a lot of properties in poor condition, and a very low vacancy rate.
- Tacoma’s housing repair and rehabilitation programs identify and correct health and safety deficiencies. The city requires Crime-Free training for any agency to receive federal funds for housing projects. Tacoma supports Fair Housing through the Fair Housing Center and through its Human Rights Department, which includes a Landlord/Tenant Specialist.
- In Lakewood, Crime-Free Housing training is offered to landlords in partnership with the Lakewood Police Department. Lakewood also took advantage of classes through the Fair Housing Center of Washington [www.fhcwashington.org/](http://www.fhcwashington.org/) to offer to certain groups such as – realtors, minority housing organizations. Lakewood is looking to do more.
- In Spokane, the Spokane Housing Authority and local health department offer a federal “Smoke-Free Housing” program to housing providers. The local landlord association also does their own training for members to help improve compliance with regulations.

**Housing Stock is Aging.** Many older cities in the state have a large portion of housing, which is more than 50 years old and requires continuous maintenance. As the private- and publicly-funded housing stock ages, concerns about maintenance costs, and bringing homes into compliance with health and safety code requirements are more pressing.

The Washington State Healthy Homes Initiative, funded by a CDC grant and coordinated by the Washington State Health Department and Seattle/King County Health Department, is creating a statewide resource network to link homes with health hazards to local programs. This may increase attention to healthy home issues and low-income home repair needs.

Other tools to proactively address concerns may include:

- Vacant property registration ordinances and programs to ensure real estate- / investor- owned properties are maintained.
- Organizing community clean up, maintenance, and surveillance of vacant property.
- Low interest loans to absentee owners for improving properties.

Code enforcement requests and code enforcement actions can be used as a way to identify areas of the community that need extra attention and intervention. Developing a mechanism to track such actions and adopting a code with successful enforcement mechanisms can help improve the stability of neighborhoods. Local governments that had strong code enforcement programs were able to quickly address problems created by abandoned homes.

## **(E): Try Different Approaches**

### **Lesson 10: Connect housing planners for HUD and GMA planning**

There are three requirements for housing planning in Washington State:

**Ending Homelessness Plans:** Statewide, each county must develop ten-year “Ending Homelessness Plans” as required by [RCW 43.185C](#). These plans closely match HUD requirements for the very lowest income segments. These plans are required as a condition of receiving state document recording fees, which are to be applied to homelessness programs.

**Housing Element of the GMA comprehensive plan:** All cities and counties planning under the Growth Management Act (RCW 36.70A.) are required to include a Housing Element in their twenty-year comprehensive plans which includes an inventory of housing, a projection of 20-year need and an evaluation of any policies needed to meet the need. Counties are also required to develop county wide planning policies, which address affordable housing.

**HUD Consolidated Plans:** Jurisdictions which are “entitled” to receive funds directly from HUD are required to develop Consolidated Plans for housing and capital facilities which benefit very low and low income households. These are required to be updated every three to five years.

The range of purposes and time ranges associated with each of these planning requirements means that there may not be coordination between plans. Planners for each housing plan are likely different people. Funding and tools for implementing the plans come from different sources, and in general, there is likely not a coordinated approach for planning for the continuum of housing.

As housing planning is connected, shared use of indicators and performance measures works to assess local housing markets. Shared strategies and interventions can be used to help provide for a full continuum of housing choices across age, income levels and abilities.

### **Lesson 11: Use existing housing programs, but allow for flexibility**

Our current system of providing market rate and subsidized housing has developed through time and provides a variety of home-ownership and rental opportunities with the market. However, not all households are able to find housing that is affordable within their income level. Subsidized housing has long waiting lists of people waiting for a chance to live in a decent home at an affordable rate.

Housing types such as manufactured housing, townhomes, and cottage housing can provide home ownership opportunities for households that may otherwise not be able to purchase an affordable home. In general, the most affordable housing is housing that is already in place, but keeping homes affordable is a big challenge.

- Some affordable housing is provided when existing houses are rehabilitated under the NSP or habitat programs.
- Rehabilitation of existing multifamily buildings is very expensive due to building code requirements when turning older buildings into housing units, or rehabilitating multifamily housing when the affordability term has expired.

**Cottage housing:** Because of the high-density nature of cottage housing, a high level of planning scrutiny is producing high quality, relatively affordable, and attractive developments. Many cottage ordinances were adopted in early 2000, in the Puget Sound region. Spokane and Lakewood also have ordinances.

**Community Land Trust Model:** Owners purchase only the value of the improvements to the land and the value of the land itself remains in trust. In this way, homes are much more affordable because there is no land cost involved. The Southwest Washington Community Land Trust in Vancouver and Bellingham use a land trust model. Habitat for Humanity found that the use of Land Trust model was important to implement HUD's new 2012 HOME Program regulations, which require new affordability periods each time the unit is resold unless the occupant lives in the home for 20 years. Vancouver's Habitat program found that many owners were selling their homes much sooner than the 20 years, and moving up into non-restricted housing. Because of this, the use of a community land trust model was very helpful.

**Manufactured Housing:** State law requires that, to protect "consumers' choices in housing," cities and counties must regulate manufactured homes built to federal manufactured housing construction standards no differently than they regulate other types of homes. However, manufactured home parks are not provided the same degree of protection, though they typically provide very affordable, if often substandard housing. In some cases, manufactured home parks are short-term land uses that are at risk of being redeveloped for commercial or higher density residential uses. [www.mrsc.org/subjects/housing/manhse.aspx](http://www.mrsc.org/subjects/housing/manhse.aspx) Lakewood has identified 25 older manufactured home properties, which are classified as ownership properties, and are by definition, very

affordable. However, many of them are in substandard condition, with many code enforcement issues. Spokane has a concentration of manufactured homes near the Fairchild Air force base, also with many in very poor condition.

**Depending on geography, concentrating publicly managed housing units can reduce costs.** Spokane sees that future funding from HUD and the Housing Finance Commission may continue to decrease, so a concern is to reduce the cost of managing single-family home costs located in scattered areas. A future trend is likely to be the use of HUD planning tools and mapping to focus fewer projects in specific target areas with higher densities. By concentrating housing in one area, it is cheaper to provide property managers in larger housing developments. However, housing managers maintain that dispersing public housing is important in smaller geographies.

**Workforce Housing Worthwhile:** While economic development is a significant goal for many local governments, few economic development programs specifically focus on providing affordable and workforce housing as an economic development strategy. Approaches for providing workforce housing and incentivizing housing development may include:

- Down-payment assistance, rehab loans, lease/purchase programs.
- Rezoning or development incentives such as tax breaks, local infrastructure financing tool program (LIFT), planned action ordinances, impact fee-free zones.
- Assistance for existing homeowners, such as equity insurance programs.
- Grant funds for façade, yard and fencing improvements to enhance curb appeal.
- Working with responsible investors to provide preferential access, capital subsidies, fee waivers, and assistance in finding tenants.

**Affordable housing should be located in transit-oriented locations.** Long-term transportation costs can be reduced by locating affordable housing near high-quality transit services. There is a concern that affordable housing providers and people looking for affordable housing do not consider the private transportation cost associated with housing location. In Tacoma, the current trend is to plan housing around transportation corridors as a way of responding to reduced programs, staff and funds.

More “smaller units” are needed due to aging population, smaller households. **In some areas, private developers have already recognized and are responding to this need. Planned unit development, smaller houses, elder cottages and barrier free homes are being developed.**

Communities should continue to use their existing tools for promoting affordable housing; however, being open to new approaches and new opportunities should be a goal.